

STORE CREDIT CARD RATES: CONSUMERS BEWARE



Presented by
Congressman Anthony D. Weiner

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Summary

Shoppers brave long lines and large crowds during the holiday season to buy gifts for their loved ones. But if you're using a store credit card, smiles can quickly turn to sticker shock when the bills come due because of sky high interest rates. Most major retail stores offer credit cards and tempting teaser deals to persuade customers to sign up, yet those offers can come with interest rates that can sometimes be as high as 28.99%.

While cash is always the best choice for holiday purchases, consumers have better options than store credit cards which offer some of the worst interest rates for consumers. Among the 35 store cards surveyed, the average store credit card rate is 23.83%. Alternatively, among the regular credit cards surveyed, the average interest rate was 14.58%. Personal loans and auto loans are also much lower at 10.71% and 6.24% respectively.

All of the retailers surveyed also accept major credit cards, so there is no need to get a store specific card. Shoppers also need to be aware of the fact that every time you sign up for a new card, your credit score takes a hit—even if they don't carry a balance. The teaser deals that stores offer may be tempting, but eventually consumers get slammed with high and sometimes retroactive interest rates if the entire balance isn't paid off.

Rep. Weiner has introduced legislation to increase point of purchase disclosure of interest rates, grace periods, and annual fees for store credit cards. This legislation will give consumers the information they need to make informed decisions when signing up for new credit cards.

Highlights

- Radio Shack has the highest interest rate in the Weiner study this year with a basic interest rate of 28.99%. Staples and Best Buy follow at 27.99%.
- Rates on some cards can increase as much as 12% if customers have shaky credit history, or are late to make the minimum payments for 2 months. The Nordstrom card escalates up to 22.99% from 10.9%, and Target rises to 22.99% from 13.25%.
- Teaser deals: Stores lure in consumers with 0% interest for a few months, and then slam consumers with a high, retroactive interest rates if they don't pay the entire balance in time.
- Interest rates on traditional credit cards are as much as 21.74% lower than store credit cards.
- Among the regular credit cards surveyed, the average interest rate was 14.58% which closely tracks with Creditcards.com national average APR of 14.78%.
- The average interest rate on a 24 month person loan is 10.71%.
- Simons First Bank offers one of the lowest rates at 7.25%. Iberia Bank also offers a low rate at 7.50%.

Methodology

Rep. Weiner's office surveyed 35 major New York City retail store websites to gather interest rates, grace periods, and introductory rates or teaser deals. Rep. Weiner's office also surveyed credit card rates from major banks and from lowcards.com.

Store Credit Card Rates: Consumers Beware

Store	Interest Rate	Tease Deal	Grace Period
Radio Shack	28.99%	No interest for 12 months, if purchase over \$350	25 days
Best Buy	27.99%	No Interest for 6 months, if purchase over \$299.	
Staples	27.99%		25 days
Home Depot	25.99%	No interest for 6 months, if purchase over \$299	25 days
Sears	25.24%		25 days
Abercrombie & Fitch	24.99%		25 days
Ann Taylor	24.99%	15% first day discount	23 days
Express	24.99%		25 days
Gap/Banana Republic/Old Navy	24.99%	15% off first purchase online	23 days
J.Crew	24.99%	20% off first purchase	25 days
Lane Bryant	24.99%	15% off first purchase	-
Lowe's	24.99%	No interest if paid in full within 6 months	-
Mandee	24.99%	15% discount on first purchase	25 days
New York & Co.	24.99%	15% discount on birthdays	25 days
Pottery Barn	24.99%		25 days
Talbots	24.99%	15% off first purchase	25 days
Victoria Secret	24.99%	Up to \$75 back	25 days
Bloomingdales	24.50%	10% off first purchase within two days	25 days
Macys	24.50%	15% discount on first purchase	25 days
American Eagle	24.24%	15% off first purchase	23 days
JC Penny	23.99%	15% discount on first purchase within two days	23 days
Lord & Taylor	23.99%		23 days
Saks 5th Avenue	23.99%	10% off first day of purchase, Free shipping	-
Average	23.83%		24 days
Brooks Brothers	22.99%		23 days
Nordstrom	22.99%		25 days
Pier 1 Imports	22.99%	20% off coupon	
Target	22.90%	5% discount every day after activation	25 days
Crate & Barrel	22.80%	No interest for 6 months	25 days
Barnes & Noble	21.74%	No interest for 6 months, \$25 gift card, 5% back	23 days
Toys R Us	21.24%	10% off first purchase	21 days
Barney's New York	21%		26 days
Bed Bath & Beyond	19.99%	\$10 gift card	24 days
Ace Rewards Visa	19.99%	\$10 enrollment bonus	24 days
West Elm	19%		25 days
Costco	15.24%	No interest for 6 months	25 days

Sources: Survey of 35 major store websites. Other rates based on Federal Reserve reports.

OTHER CREDIT RATE AVERAGES ARE SIGNIFICANTLY LOWER

Treasury Bill (Two-Year Note) – .35%
Automobile Loan Rate – 6.24%
Personal Loan Rates – 10.71%

Bank Credit Card Rate – 14.78%
Some Bank Credit Card rates as low as 7.25%
NYS Criminal Usury Rate – 25%

Low Interest Credit Cards

Card	Interest Rate	Intro Rate	Grace Period	Special Offers
Simmons First Bank	7.25%			
Iberia Bank	7.50%	0%	25 days	no interest for 12 months
City National Bank Low Rate Card	9.90%	2.90%	25 days	2.9% APR for first 6 months
Chase Sapphire	12.24%		21 days	Bonus and travel rewards
Capital One Venture One	13.90%	0%	25 days	no interest for up to 11 months
Average	14.58%		24 days	
Citi Platinum Select AA Advantage Mastercard	15.24%		23 days	Bonus AA miles, no annual fee for first 12 months
Orchard Bank (HSBC) Mastercard	19.90%		25 days	
Orchard Bank (HSBC) Visa	19.90%		25 days	
Bank of America Visa	19.99%	0%	25 days	no interest on balance transfers for up to 12 months
Citi Platinum Select Mastercard	19.99%	0%	23 days	no interest for 12 months

Source: Lowcards.com and Bank Websites (Order has been changed to reflect lowest to highest rates). Other rates based on Federal Reserve reports and CreditCard.com.